



## **Microsoft Dynamics AX 2009 Helps Transform the Challenge of Compliance into Bottom-Line Benefits**

*New enhancements and features including, Compliance Center, Configurable Workflow and Alerts, Task Recorder, Expense Policies, and Role Center help customers drive compliance throughout their organization and reduce the cost of compliance.*

Organizations today are focusing more and more on business compliance requirements. Following a rash of corporate scandals, new laws like Sarbanes-Oxley, along with increased scrutiny of existing government compliance requirements has created a challenging environment for business leaders.

### **What is compliance?**

In business, compliance generally designates the requirement to adhere to certain rules or laws, meet certain standards, and follow certain practices. Compliance standards can originate from external, as well as internal sources. A compliance requirement may be mandatory or optional. Understanding the origin of compliance requirements enables appropriate prioritization and risk management. Compliance requirements that an organization must adhere to may be based on their ownership structure, management practices, location(s), and the market(s) in which they wish to participate, as well as their specific industry, customer, vendor, and bank affiliations.

### **Compliance costs**

As internal and external compliance requirements increase, executives must meet the seemingly contradictory goals of compliance adoption and organizational agility. Organizations are finding it increasingly difficult to meet these demands in a cost-effective way. In fact, many small and medium-sized companies view the cost of compliance as their biggest challenge. Business decision makers are looking for effective compliance strategies that do not jeopardize their company's productivity and growth.

With the introduction of Microsoft Dynamics AX 2009, companies now have a powerful way to transform the challenges of compliance into real business benefits. New enhancements and features including, Workflow, Compliance Center, Configurable Alerts, Expense Policy and Role Center – to name just a few – help customers drive compliance throughout their organization and realize business success.

### ***Compliance – Beyond Sarbanes-Oxley***

When most of us think of compliance, financial reporting and Sarbanes-Oxley come to mind. But today compliance requirements have gone beyond the necessity of conforming to internal

controls and laws such as Sarbanes-Oxley. Compliance requirements encompass virtually all aspects of the business environment – from financial and trade to regulatory and environmental.

Customers and collaboration partners can also drive compliance adoption. Compliance becomes an important factor in a company's ability to compete effectively as customers and collaboration partners increasingly require companies to follow certain practices or meet their specific standards.

There is also an emotional side to compliance. Yes, executives must deal with the concrete challenges of compliance such as rules, regulations and standards, but they must also deal with the risks and worries associated with compliance. In some cases, failure to comply can have a devastating effect on the organization and business. Reducing the risks associated with compliance also helps reduce "executive anxiety" and thereby enables management and the entire organization to focus on growth instead of worrying about whether or not the check was signed or the correct label was included in the shipment.

### ***Technology as Compliance-Enabler***

Technology plays a key role in helping companies enforce compliance internally and externally. Technology enables the collection and analysis of enterprise-wide data, delivering the crucial information needed for intelligent business decisions.<sup>1</sup> Ideally, this means having compliance requirements integrated into business process systems like Microsoft Dynamics AX 2009 that are people-ready and designed for agility.

In its report on Enterprise Governance, Risk, and Compliance Platforms, Forrester suggests that the right business management software can support a compliance program's ability to become:

1. **Sustainable.** Technology helps risk and compliance officers continuously monitor changes to the internal and external business environment to make sure they fully understand and address all requirements for which they're responsible.
2. **Consistent.** With certain applications, executives and boards have a standard, repeatable way to aggregate and compare various types of risks and compliance data to make informed decisions.
3. **Efficient.** A governance, risk and compliance (GRC) strategy should strive to facilitate, and in some areas automate, risk and compliance processes with standard methodologies, re-use of information, and enabling technologies.
4. **Transparent.** A single repository of policies and procedures and a central reporting structure for risk and control assessment can help ensure accurate reporting and informed decision-making.<sup>2</sup>

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<sup>1</sup> The Forrester Wave™: Enterprise Governance, Risk, And Compliance Platforms, Q4 2007 by Chris McClean and Michael Rasmussen

<sup>2</sup> The Forrester Wave™: Enterprise Governance, Risk, And Compliance Platforms, Q4 2007 by Chris McClean and Michael Rasmussen

## ***Compliance – An Opportunity to Drive Business Success***

Meeting compliance requirements may be viewed as a necessary evil; however, it's possible to look beyond the demands of the regulations and see compliance as a business opportunity.

Compliance requires capturing information, accurately, organizing & retaining the information and quick, efficient analysis and presentation. This requires processes and procedures that are an integrated part of a company's way of doing business. Having a compliance strategy helps companies gain better control over their business processes, improve customer service, and can even increase brand awareness among customers and stakeholders. But a compliance strategy isn't enough if you don't have the right systems in place to support the strategy.

## ***Microsoft Dynamics AX 2009 Helps Reduce the Total Cost of Compliance***

Most compliance regulations share common elements and rely on the fundamental principles of information security. This includes confidentiality, data integrity, information availability, efficient business processes and the possibility to track, trace, audit and log how individuals access and use resources and execute business procedures data and information.<sup>3</sup> The new features and enhancements in Microsoft Dynamics AX 2009 empower organizations with improved visibility, better consistency, and great control of compliance-related information, processes and activities.

### **Compliance Features Out-of-the-Box**

In addition to the features and enhancements specific to Microsoft Dynamics AX 2009, organizations will be able to reduce the total cost of compliance right out-of-the-box because of the integrated innovation with other Microsoft products including Active Directory, Windows SharePoint Services, Microsoft Office SharePoint Server, SQL Server 2008, Office 2007, and Windows Workflow Foundation.

For example, Microsoft Windows authentication and the single sign-on feature of Active Directory help improve security and privacy and offer greater administrative control over sensitive data. So, when an external report is created by Microsoft SQL Server Reporting Services the security setting in Microsoft Dynamics AX is applied automatically.

And, because Microsoft Dynamics AX 2009 works like and with other Microsoft products it's people-ready meaning Microsoft Dynamics AX has less of a learning curve, so people can get up and running quickly and focus on what's most important. By automating and streamlining financial, customer relationship and supply chain processes, Microsoft Dynamics AX brings together people, processes and technologies, increasing the productivity and effectiveness of the business, and helping drive business success. High user adoption enables people to comply with corporate procedures faster and easier. Crucial information is entered into a one central repository helping to lower the cost of maintaining the system.

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<sup>3</sup> [Compliance Features in the 2007 Microsoft Office System](#), November 2006

Environmental sustainability is a key compliance issue today. Microsoft Dynamics SureStep provides a template for environmental management accounting that will enable organizations to carry out environmental accounting in Microsoft Dynamics AX 2009.

## Compliance Center

Microsoft Dynamics AX 2009 supports compliance enforcement by deploying the out-of-the-box Compliance Center with Windows SharePoint Services. The Compliance Center simplifies compliance efforts and helps keep business information secure through a comprehensive set of tools to manage and control electronic content. The internal control environment helps facilitate corporate governance over business process content, internal control documentation, audit information, and reporting and provides a graphical overview of the control effectiveness and document status.

The screenshot displays the Microsoft Dynamics AX 2009 Compliance Center interface. The browser address bar shows the URL: `http://dyn07/sites/DynamicsAx/Compliance/Enterprise%20Portal/default.aspx?WCMP=DAT&redirected=1`. The interface includes a navigation menu on the left and a main content area with the following sections:

### Controller Operational Efficiency

Indicator	Goal	Actual	Trend	Status
Days Sales Outstanding	-29.45		↑	Green
AR Turnover	-0.01	0.00	↑	Green
Average Days to Pay	0.00	-0.03	↓	Red
AP Turnover	10.91	-3.43	↓	Red
Revenue Budget Variance	0	0	↓	Green
Expense Budget Variance	0	0	↓	Green
Inventory Turnover	0.01	3.00	↑	Green

Currency: USD Company: DAT

### Control Effectiveness

Total Controls: 2  
 Not Effective: 0 (0%)  
 Effective: 1 (50%)  
 Not Rated: 1 (50%)

### Document Status

Filter by: All documents

Total Documents: 8  
 Not Started: 5 (62%)  
 In Progress: 2 (25%)  
 Completed: 1 (12%)

### Work list

Subject	Due date
submit expense	2/28/2008 8:57:00 AM
submit expense	2/28/2008 7:17:00 AM
submit expense	2/28/2008 7:10:00 AM
submit expense	2/27/2008 3:53:00 PM
An error occurred while processing batch job Workflow Messag	
Please approve, reject or request changes	2/26/2008 8:10:00 PM
submit expense	2/26/2008 5:11:00 PM
Activity2	10/31/2007 2:30:00 PM
Activity1	10/31/2007 2:30:00 PM
Identify Key Decision Makers	10/31/2007 2:30:00 PM

Compliance Center in Microsoft Dynamics AX 2009

## **Automate Compliance with Workflow**

Workflow automation is essential for compliance. It helps enforce compliance and performance of business processes as automatically as possible. To support audits and investigations, an organization must also be able to prove that it performed compliance procedures when needed and that its technology controls were active and they performed throughout the period in question. This requirement creates a documentation burden on top of other work associated with compliance policies.<sup>4</sup> This is where workflow automation can help.

Workflow is a new feature in Microsoft Dynamics AX 2009. It provides out-of-the-box functionality that can be used to create individual workflows or business processes to automate compliance with corporate policies. With Workflow, organizations can ensure consistent processes across their organization.

What makes the Workflow system in Microsoft Dynamics AX 2009 especially compelling is that it enables managers to define themselves the approval process for specific documents, such as purchase requisitions and expense reports. In this way, managers ensure that documents are processed and approved in a consistent and efficient manner.

What's more, the Workflow system increases process visibility. It allows managers to track the status and history of a specific workflow instance. This enables managers to analyze and determine if changes need to be made to the workflow to improve efficiency.

### **Purchase Requisition**

One of the new out-of-the-box Workflow features in Microsoft Dynamics AX 2009 is Purchase Requisition. The Purchase Requisition feature enables companies to apply workflow rules and conditions to support business policies towards purchasing. In other words, a manager can approve an electronically submitted purchase requisition thereby saving time for the manager and the employee.

In addition, the Test Workflow feature in Microsoft Dynamics AX 2009 enables the person who owns the workflow to easily test the conditions they configure for the workflow the user has set up. Without this feature the workflow owner would have to complete the workflow configuration. This also saves employees time and ensures the workflow is functioning as it should.

### **Expense Management**

Another example of an out-of-the-box workflow feature in Microsoft Dynamics AX 2009 is Expense Management. The Expense Management feature helps managers define and enforce company expense policies to which employees will be held accountable when entering expense reports. Expense policies can be defined to either (1) warn an employee that they have violated a policy but allow them to submit their expense report or (2) prevent them from submitting the expense report until they have made the necessary changes to adhere to the policy.

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<sup>4</sup> [Compliance Features in the 2007 Microsoft Office System](#), November 2006

### **Workflow Delegation and Tracking**

An effective workflow system includes the ability to establish delegation settings and track workflows to see where a workflow is in the process of completing. Microsoft Dynamics AX 2009 includes workflow delegation and tracking features.

When an employee is out of the office or otherwise unavailable for a period of time, any workflow work items that would have been assigned to that employee can be automatically reassigned to someone else who can then take the appropriate action on their behalf.

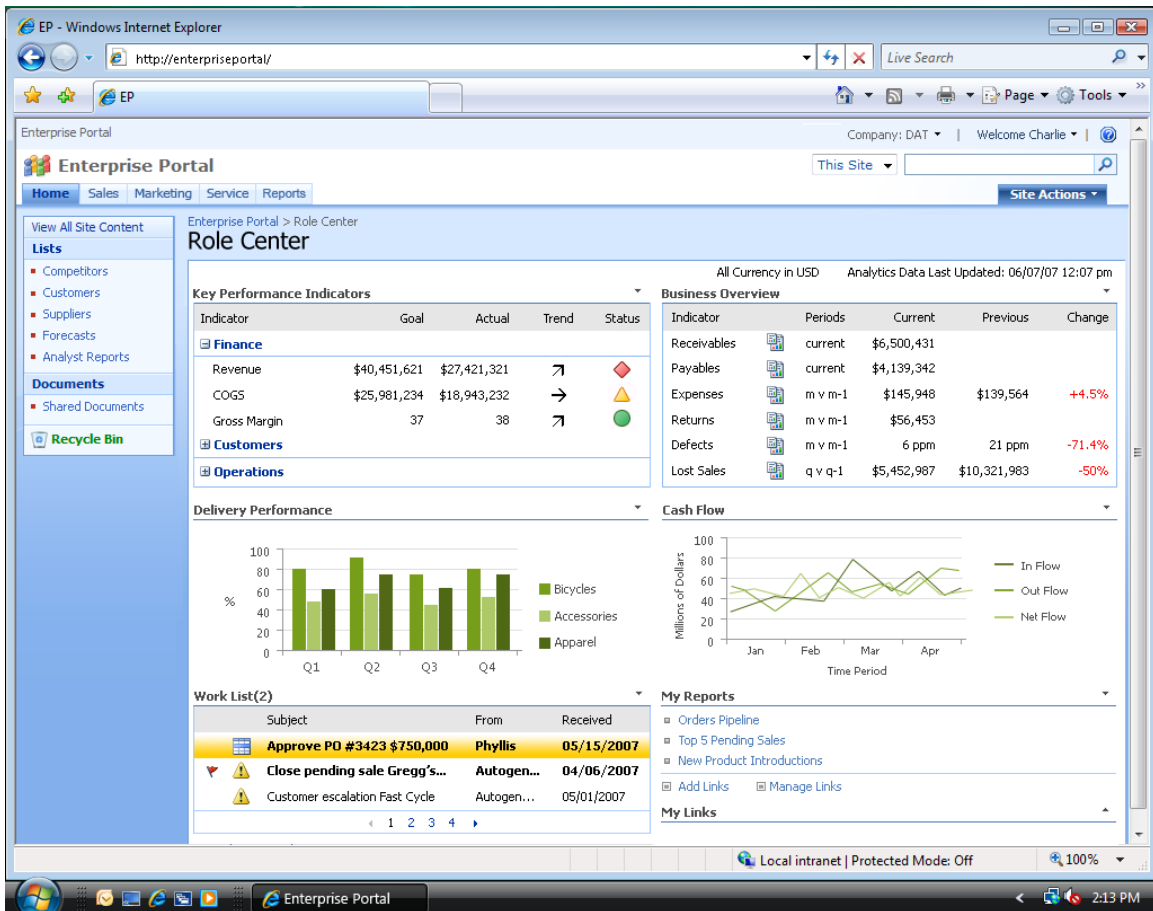
The workflow tracking feature allows users to figure out where a workflow is in the process of completing. This feature also supports compliance scenarios where it is important to document exactly who approved what, when.

### **Track and Manage Compliance with Integrated Task Recorder**

Enforcing compliance effectively requires that organizations can document business processes and view the status of workflow-related tasks and assignments at any given time. With Microsoft Dynamics AX 2009 it's possible to record critical business processes and automate the documentation of compliance processes with the Task Recorder in Microsoft Dynamics AX controls. Task Recorder logs and documents user activity in the application and outputs an activity in a number of Microsoft Office document formats, such as training-oriented documentation in Microsoft Office Word, Microsoft Office PowerPoint® presentations and process-oriented documentation in Microsoft Office Visio®.

### **Improve Visibility with Role Center**

The Role Center in Microsoft Dynamics AX 2009 empowers employees to respond faster and more accurately to compliance-related tasks and actions. Alerts, vital compliance data and information are presented in a way that is easy to understand and easier to see.



Role Center Screenshot in Microsoft Dynamics AX 2009

## Take Control of Compliance-Related Processes

Configurable alerts make it easy to track and manage important events such as expense policy violations. It's possible to configure and manage internal controls using a COSO-based framework. Companies can screen trading partners to comply with export regulations, ensure consistency in complying with corporate policies, understand who made changes to critical data with extensive audit trails, track access controls and changes and configure permissions to determine who can access what.

## Global Compliance

Microsoft Dynamics AX 2009 provides global compliance support with local tax, regulatory, and market requirements to help accounting managers comply with complex national and international financial regulations. We have a team of experts at Microsoft that extends this business process functionality to address specific local, regulatory requirements in the countries where we support Microsoft Dynamics. We research legal changes in each country and work to develop features that help customers to stay compliant with regulatory changes before they actually become law. Microsoft develops country-wide, horizontal governmental and financial reporting features in countries where there is an official Microsoft Dynamics release.

As part of configuring customer solutions to meet the unique business needs of our customers, Microsoft Dynamics AX partners provide more specific vertical features and regulatory updates

such as those that affect specific groups of customers (in verticals like construction, retail or farming, for instance). Our partners also create local regulatory features that meet the specific regulatory requirements that may be unique to cities, states or provinces.